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## IN THE UNITED STATES DISTRICT COURT

## FOR THE NORTHERN DISTRICT OF CALIFORNIA

PHOTOFLEX PRODUCTS, INC.,

Plaintiff,

No. C 04-03715 JSW

v.

CIRCA 3 LLC dba AMVONA.COM,

Defendant.

**ORDER GRANTING IN PART  
AND DENYING IN PART  
AMENDED MOTION TO STAY  
LITIGATION**

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Now before the Court is Defendant Circa 3 LLC dba Amvona.com's ("Amvona") motion to stay litigation during the pendency of reexamination of United States Patent 6,076,935 (the "'935 Patent"). The Court finds that this matter is appropriate for disposition without oral argument. *See* N.D. Civ. L.R. 7-1(b). Accordingly, the hearing set for May 26, 2006 is HEREBY VACATED. Having considered the parties' pleadings and the relevant legal authority, the Court HEREBY GRANTS IN PART AND DENIES IN PART Defendant's motion to stay litigation. In this action, Plaintiff brings claims for copyright and patent infringement, as well we claims of unfair competition and false designation of origin, related to the manufacture and marketing of high quality photographic equipment. Count two of the second amended complaint for patent infringement is STAYED, but Counts one, three and four for copyright infringement, false designation of origin and unfair competition are NOT STAYED.

**ANALYSIS****A. Legal Standards Applicable to a Motion to Stay Proceedings Pending Reexamination.**

The patent reexamination statute provides in pertinent part that “[a]ny person at any time may file a request for reexamination by the [PTO] of any claim of a patent on the basis of any prior art cited under the provisions of section 301.” 35 U.S.C. § 302. The PTO must “determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request . . . .” 35 U.S.C. § 303(a). The reexamination statute further provides that “[a]ll reexamination proceedings . . . including any appeal to the Board of Patent Appeals and Interferences, will be conducted with special dispatch.” 35 U.S.C. § 305.

The determination of whether to grant a stay pending the outcome of the PTO’s reexamination is soundly within the Court’s discretion. *See Tap Pharm. Prods. Inc. v. Atrix Labs. Inc.*, 70 U.S.P.Q. 2d 1319, 1320 (N.D. Ill. 2004) (citing *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1341 (Fed. Cir. 1983)). When ruling on such a stay, courts consider several factors: (1) the stage of the litigation, including whether discovery is or will be almost completed and whether the matter has been marked for trial; (2) whether a stay will unduly prejudice or tactically disadvantage the nonmoving party; and (3) whether a stay will simplify the issues in question and streamline the trial, thereby reducing the burden of litigation on the parties and on the court. *Id.; Methode Elecs., Inc. v. Infineon Techs. Corp.*, No. 99-21142, 2000 U.S. Dist. LEXIS 20689, at \*5-6 (N.D. Cal. Aug. 7, 2000). There is a “liberal policy in favor of granting motions to stay proceedings pending the outcome of USPTO reexamination or reissuance proceedings.” *ASCII Corp. v. STD Entertainment*, 844 F. Supp. 1378, 1381 (N.D. Cal. 1994).

**B. Early Stage of Litigation Favors a Stay of the Patent Claim.**

Here, the early stage of this litigation weighs in favor of granting a stay of the patent infringement portion of the case. *See Target Therapeutics, Inc. v. SciMed Life Sys., Inc.*, 33 U.S.P.Q. 2d 2022, 2023 (N.D. Cal. 1995) (holding that the absence of “significant discovery” or “substantial expense and time . . . invested” in the litigation weighed in favor of staying the litigation); *see also ASCII Corp.*, 844 F. Supp. at 1381 (granting stay where parties had

1 undertaken little or no discovery and the case had not yet been set for trial). Here, discovery  
2 has just begun. Amvona has served 14 interrogatories and 29 requests for production of  
3 documents and Photoflex has served 16 interrogatories and 5 requests for production of  
4 documents. No depositions have been taken or scheduled. (*See Declaration of James Yuanxin*  
5 *Li (“Li Decl.”), ¶ 2.*) Therefore, the fact that this case is still in the early stages and the parties  
6 have not yet conducted “significant discovery” or invested “substantial expense” into the  
7 litigation weighs in favor of granting a stay. *See Target Therapeutics*, 33 U.S.P.Q. 2d at 2023.

8       **C. A Stay Will Not Unduly Prejudice Plaintiff.**

9           In determining whether to grant a stay, courts also consider any resulting undue  
10 prejudice on the nonmoving party. *See Methode Elecs.*, 2000 U.S. Dist. LEXIS 20689, at \*7.  
11 Granting a stay does not cause the nonmoving party undue prejudice when that party has not  
12 invested substantial expense and time in the litigation. *Id.* The delay inherent to the  
13 reexamination process does not constitute, by itself, undue prejudice. *Pegasus Dev. Corp. v.*  
14 *DirecTV, Inc.*, 2003 WL 21105073, at \*2 (D. Del. May 14, 2003).

15           Courts also consider evidence of dilatory motives or tactics, such as when a party unduly  
16 delays in seeking reexamination of a patent. *Methode Elecs.*, 2000 U.S. Dist. LEXIS 20689, at  
17 \*7. This is not a case where reexamination is sought on the eve of trial or after protracted  
18 discovery. *Cf. Agar Corp., Inc. v. Multi-Fluid, Inc.*, 983 F. Supp. 1126, 1128 (S.D. Tex. 1997)  
19 (finding that “courts are inclined to deny a stay when the case is set for trial and the discovery  
20 phase has almost been completed”). There has been no showing of dilatory motive or tactics.

21           Accordingly, the Court finds that a stay of the patent claim will not unduly prejudice  
22 Plaintiff, and thus this factor also weighs in favor of granting a stay.

23       **D. A Stay Will Simplify the Issues, Streamline the Trial, and Reduce the**  
24 **Burden of Litigation on Both the Parties and the Court.**

25           Because the patent-in-suit is currently being reexamined, the Court finds that the patent  
26 infringement case should be stayed during the pendency of the reexamination. The Court finds  
27 that such a stay will simplify the issues and streamline the trial, thereby reducing the burden on,  
28 and preserving the resources of both the parties and the Court.

1        However, in determining whether to grant a stay of an entire case, courts consider  
2 whether there would remain, after the PTO reexamination, issues “completely unrelated to  
3 patent infringement” for which a stay would not reduce the burden of litigation on both the  
4 parties and the court. *Imax Corp. v. In-Three, Inc.*, 385 F. Supp. 2d 1030, 1033 (C.D. Cal.  
5 2005). If such matters “would continue to be an issue . . . a stay would not preserve many  
6 resources.” *Id.*

7       Here, in addition to the patent infringement claim, Plaintiff brings claims for copyright  
8 infringement, false designation of origin and unfair competition. Simply arguing these claims  
9 have no merit, Defendant has failed to address whether there are significant overlapping issues  
10 between the patent claim and these other claims whereby a stay of the other claims would  
11 reduce the burden of litigation on both the parties and the Court. Thus, the Court finds that  
12 Defendant has made no showing upon which the Court could find a stay of those separate  
13 causes of action would be justified.

14 Therefore, having considered the factors relevant in determining whether to grant a stay  
15 pending reexamination, the Court hereby GRANTS Amvona's motion to stay the patent  
16 infringement portion of this case but DENIES the motion as to the remaining claims.

## CONCLUSION

18 For the foregoing reasons, the Court GRANTS IN PART AND DENIES IN PART  
19 Amvona's motion to stay. Count two for patent infringement is stayed from the date of this  
20 Order until further notice with the exception of activities relating to or arising out of the judicial  
21 settlement conference currently schedule before Magistrate Judge Wayne D. Brazil on May 25,  
22 2006. The Court HEREBY ORDERS the parties to submit a joint status report regarding the  
23 status of the reexamination proceedings every 120 days, or sooner if the PTO issues a final  
24 decision with respect to any of the '935 Patent, until the stay of the patent infringement claim is  
25 lifted.

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1           The Court DENIES the request for a stay as to counts one, three and four.  
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3           **IT IS SO ORDERED.**

4           Dated: May 24, 2006  
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*Jeffrey S. White*  
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JEFFREY S. WHITE  
UNITED STATES DISTRICT JUDGE